Aboriginal Affairs and Northern Development Canada
Affaires autochtones et Développement du Nord Canada

# Aboriginal Affairs and Northern Development Canada

## Internal Audit Report

## Management Practices Audit of the Education and Social Development Programs and Partnerships Sector

**Prepared by:**

**Audit and Assurance Services Branch**

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# ACRONYMS

| | |
|---|---|
| AANDC | Aboriginal Affairs and Northern Development Canada |
| AASB | Audit and Assurance Services Branch |
| ADM | Assistant Deputy Minister |
| AL | Assisted Living |
| ATIP | Access to Information and Privacy |
| BMU | Business Management Unit |
| CMC | Core Management Controls |
| CSA | Control Self-Assessment |
| DRAP | Deficit Reduction Action Plan |
| EB | Education Branch |
| ESDPP | Education and Social Development Programs and Partnerships Sector |
| FNCFS | First Nations Child and Family Services |
| FTE | Full-Time Equivalent |
| FVP | Family Violence Prevention |
| G & C | Grants and Contributions |
| HQ | Headquarters |
| HR | Human Resources |
| IC | Income Assistance |
| MPA | Management Practices Audit |
| NCBR | National Child Benefit Reinvestment |
| RBAP | Risk-Based Audit Plan |
| RPMD | Resource Planning and Management Directorate |
| SPPB | Social Policy and Programs Branch |

# EXECUTIVE SUMMARY

## *Background*

Education and Social Development Programs and Partnerships ("ESDPP" or the "Sector") is one of nine sectors working to fulfill Aboriginal Affairs and Northern Development Canada's ("AANDC's" or the "Department's") mandate. The ESDPP Sector supports the achievement of the Department's *The People* strategic outcome of *individual, family and community well-being for First Nation and Inuit* peoples by providing the Education and Social Development activities of the Program Alignment Architecture.

The Sector operates in a dynamic environment characterized by considerable change and evolving expectations. ESDPP's responsibilities include program policy and development and management oversight for two Education and five Social programs which represent approximately $3.4 Billion (51%) of the AANDC Vote 10 Grants and Contributions (G & C) Budget.

ESDPP is located at AANDC Headquarters and is comprised of the following three branches and directorates:

- Education Branch (EB);
- Social Policy and Programs Branch (SPPB); and,
- Business Management Unit (BMU).

On February 22, 2012, the Deputy Minister approved AANDC's 2012-13 to 2014-15 Risk-Based Audit Plan, which included a Management Practices Audit (MPA) of the ESDPP Sector. This MPA was initiated by the Audit and Evaluation Sector (AES) in November 2012.

## *Audit Objective and Scope*

The objective of the audit is to provide senior management with assurance over the adequacy and effectiveness of a selection of high risk / high priority management practices and activities, in place to support the achievement of the Education and Social Development Programs and Partnerships Sector's (ESDPP) objectives.

The audit objective is supported by detailed audit criteria developed and aligned with Treasury Board of Canada Secretariat's *Audit Criteria related to the Management Accountability Framework: A Tool for Internal Auditors (March 2011)*.

The scope of the audit covered the following high risk / high priority management practice areas, as identified through a CSA workshop and interview with the Sector's Assistant Deputy Minister (ADM):

- Integrated Human Resources (HR) Planning;
- Risk Management Approach;
- Accountability
- Management and Oversight Bodies; and,

- Internal Communications.

Previous audit and review findings, a review of departmental priorities, and planned future audit work were also taken into consideration, when determining the scope.

Audit fieldwork was conducted in headquarters. Testing covered the fiscal years 2010-11, 2011-12 and the first quarter of 2012-13.

## *Statement of Conformance*

This audit conforms with the *Internal Auditing Standards for the Government of Canada*, as supported by the results of the quality assurance and improvement program.

## *Observed Strengths*

The audit identified that the Sector operates in a dynamic environment characterized by considerable change and evolving expectations. Against this context, the audit revealed the following examples of robust practices in light of the Deficit Reduction Action Plan (DRAP) and other challenges:

- **Human Resources Planning** – In an effort to promote employee morale and support staff retention objectives, Senior Management have implemented processes to actively consider employee interests when allocating personnel to specific projects/tasks.
- **Accountability and Management and Oversight Bodies** – The roles and responsibilities of the new Business Management Unit have been clearly established and well communicated to Sector personnel. Further, processes have been introduced to confirm, standardize and streamline administrative functions across the Sector.
- **Internal Communications** – Management has implemented a structure and variety of venues and channels for internal communication that foster an environment for open and effective communication.

## *Conclusion*

Generally, management practices were found to be effective and adequate. Some areas for improvement were noted to strengthen management practices in the following areas: Integrated Human Resources Planning, Risk Management, and Management and Oversight Bodies.

## *Recommendations*

The audit team identified areas where management practices and processes could be improved, resulting in three recommendations, as follows:

1. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should ensure that HR planning activities within the Sector continue to address both Departmental requirements as well as all pertinent HR risks, including those related to succession planning and training and development. The results of HR planning activities should be consolidated and documented within the Sector's HR Plan. Further, as

the Sector HR Plan is implemented, appropriate adjustments should be made to reflect changes in the Sector's objectives and environment.

2. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should develop a formal documented approach to risk management in the Sector, including an ongoing process, and governance structure for identifying, assessing, and monitoring risks and corresponding mitigation actions. ESDPP should leverage existing communication forums to communicate risk messages to employees.

3. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should document the Sector's governance structure in terms of management and oversight bodies and assess appropriateness and sufficiency. These Management/oversight groups or mechanisms should be further formalized through the creation of Terms of Reference that articulate their mandates, authority, responsibility, accountability and operating principles. The role of these key management bodies should be communicated across the Sector.

# 1. BACKGROUND

## *1.1 Management Practices Initiative*

The Audit and Evaluation Sector (AES) conducted twenty (20) Management Practices Reviews (MPRs) between 2007 and 2010 as part of a Department-wide initiative to assess the relative strength of regional and sector management practices. Following the completion of that first round of MPRs, the Deputy Minister and the Department's Audit Committee recommended that a summary report be prepared to highlight the strengths and weaknesses of the MPR process and to make a recommendation on whether the Management Practices Initiative should be continued. As a result of the analysis, a second round of management practices engagements, using a revised approach, was approved.

Under the revised approach, which was designed to provide departmental management with an audit level of assurance, management practices engagements were to be conducted in two phases: a Control Self-Assessment (CSA) workshop and a limited-scope audit. Based on the feedback received from the CSA as well as the results of previous audits and reviews, and a review of departmental priorities, a limited number of management practices were to be selected for inclusion in an audit.

To date, AES has completed Management Practices Audits (MPA) of all ten regions and one sector. An additional three MPAs, including the Management Practices Audit of Education and Social Development Programs and Partnerships, were identified in AANDC's 2012-13 to 2014-15 Risk-Based Audit Plan, approved by the Deputy Minister on February 22, 2012.

In November 2012, AES initiated the MPA of the ESDPP. The decision to complete a MPA of ESDPP was based on the results of an Audit and Assurance Services Branch prioritization exercise that considered the impact and significance of previous engagement findings, the length of time since the completion of the last Management Practices Review, and the degree of organizational and senior management change over the past three years.

AES previously conducted an MPR of ESDPP in 2009, which included interviews, a documentation review and a review of random samples of human resources, contracting, and Grants and Contributions files from the 2008-2009 fiscal year. This 2012-13 MPA was designed to examine a selection of core management controls.

## *1.2 Control Self-Assessment*

The CSA workshop is a venue through which AES gathers participants' opinions on the importance, efficiency, and effectiveness of key management practices. Specifically, their views on how well each of their key management practices is functioning to support achievement of the Sector's objectives are discussed. The CSA workshop was facilitated by an independent third-party, and was designed to allow for maximum discussion, with anonymous voting technology used to encourage open and honest feedback.

As a result of the CSA workshop discussions, preliminary interviews, and the review of previous engagement findings, AES identified five key areas of potential high-risk / high-priority that required further analysis.

## *1.3 Education and Social Development Programs and Partnerships Sector*

Education and Social Development Programs and Partnerships is one of nine sectors working to fulfill Aboriginal Affairs and Northern Development Canada's mandate. The ESDPP Sector supports the achievement of the Department's *The People* strategic outcome of *individual, family and community well-being for First Nation and Inuit* peoples by providing the Education and Social Development activities of the Program Alignment Architecture.

The audit identified that the Sector operates in a dynamic environment characterized by considerable change and evolving expectations. As outlined below, ESDPP's responsibilities include program policy and development and management oversight for two Education and five Social programs which represent approximately $3.4 Billion (51%) of the AANDC Vote 10 Grants and Contributions Budget. At the time of the audit, ESDPP had a staff complement of 131 including indeterminate, determinate, casual, and student employees.

ESDPP is located at AANDC Headquarters and is comprised of the following three branches and directorates:

- Education Branch (EB);
- Social Policy and Programs Branch (SPPB); and,
- Business Management Unit (BMU).

The Education Branch provides First Nations and Inuit communities with tools to achieve educational outcomes comparable to those of other Canadians through two main programs, the Elementary and Secondary Education program and the Post-Secondary Education program.

The Social Policy and Programs Branch delivers the following five key programs:

- Income Assistance (IA) - aims to provide financial assistance, including pre-employment measures, to eligible residents on reserve to meet basic needs for food, shelter and clothing as well as special needs.

- National Child Benefit Reinvestment (NCBR) - funds community-driven projects aimed at reducing the depth and effects of child poverty and helping low-income parents become or remain employed.

- Assisted Living (AL) - funds non-medical, social support services to eligible residents on reserve to meet the special needs of seniors, adults with chronic illness, and adults and children with disabilities (mental and physical) for the purpose of maintaining functional independence and greater self-sufficiency.

- First Nations Child and Family Services (FNCFS) - supports the safety and well-being of First Nation children and families ordinarily resident on reserve by supporting culturally appropriate prevention and protection services in accordance with the legislation and standards of the province or territory of residence, within program authorities.

- Family Violence Prevention (FVP) - funds First Nations to provide culturally appropriate shelter services and proposal-based, project-driven prevention activities, to enhance the safety and security of on-reserve residents, particularly for women and children and to develop partnerships aimed at reducing family violence.

The *Business Management Unit* provides financial, human resource planning and reporting, Information Management/Information Technology (IM/IT), security and accommodations support functions within the Sector.

The Sector works in collaboration with AANDC regions for the delivery of programs and in partnership with a variety of stakeholders including Band Councils, Tribal Councils, First Nations, provinces and territories, and other government departments, including Health Canada and Human Resources and Skills Development Canada.

The Sector's management practices, including those within the scope of this audit, must be adequate and effective relative to the context within which ESDPP operates. Through the planning and conduct of this audit, a number of contextual factors were identified as potentially significant and/or challenging, and therefore were considered as relevant to the assessment of management practices. For example, ESDPP's social and educational mandate is inherently complex, dynamic and highly scrutinized. The Sector must engage and consider a wide variety of internal and external stakeholders and partners in the delivery of its objectives. Further, interviews with Senior Sector Management revealed evidence of considerable turnover, especially at senior levels, which included a new ADM in 2011-12. Against this backdrop, the Sector is also in the midst of responding to substantial changes precipitated by program and legislative reform as well as the cost reduction measures taken by the Department in response to DRAP. These matters of context were identified and considered during the course of the audit, particularly in respect of how the Sector has leveraged business practices to respond to these matters. Below is a synopsis of DRAP and Program/Legislative Reform impacts that were considered relevant to the planning and completion of the audit:

**Impact of DRAP Measures and Requirements**

Although the number of Full-Time Equivalents (FTEs) directly affected by DRAP was less than reductions experienced elsewhere in the Department, the Sector was subject to FTE reductions resulting from the Department's response to DRAP. Certain administrative positions were lost in ESDPP which, among other things, resulted in a consolidation of administrative staff. This consolidation precipitated the introduction of new practices to ensure consistency and streamlining of administrative responsibilities.

Also, in the fall of 2012, DRAP resulted in a new model for Sector Business Support Units. This new model was intended to reduce overlap and duplication while ensuring a more consistent

and coherent approach to providing business management services across the Department. As a result, the Sector's Business Support Unit transitioned to the new Business Management Unit (BMU) model. The BMU is responsible for the financial, human resource planning and reporting, IM/IT, security and accommodations support functions performed within the Sector. Since its introduction, efforts have been taken to delineate and clarify the BMU's precise roles and responsibilities in a manner that provides efficient support of the Sector's operational mandate.

**Program and Legislative Reform**

ESDPP is currently responsible for two of the Department's priorities in major program reform, Income Assistance (managed by SPPB) and Kindergarten to Grade 12 education (managed by EB). In addition, other reforms within SPPB are already underway in FNCFS and FVP.

**Income Assistance Program Reform**

This reform will create a major programmatic shift from funding passive assistance to building capacity for Active Measures and linking recipients to training and eventually employment. Doing so will create an enhanced service delivery, strengthened program management, mandatory active measures and strengthened partnerships.

**Education Program and Legislative Reform (Kindergarten to Grade 12)**

This reform is part of the process to deliver on a major Government/Departmental commitment. The First Nation Education Act requires policy development, consultations, legislative drafting, development of regulation and national implementation. As such, there is a need for ongoing national policy and monitoring capacity as well as re-structured operational capacity and skill-sets.

# 2. AUDIT OBJECTIVE AND SCOPE

## *2.1 Audit Objective*

The objective of the audit was to provide senior management with assurance over the adequacy and effectiveness of a selection of high risk / high priority management controls and activities in place to support the achievement of ESDPP's objectives.

The audit objective was supported by detailed audit criteria developed and aligned with Treasury Board of Canada Secretariat's *Audit Criteria related to the Management Accountability Framework: A Tool for Internal Auditors (March 2011)*.

## *2.2 Audit Scope*

The audit examined management practices and activities considered to be areas of higher risk and/or higher priority. The risk associated with management practices was assessed based on

the results of a Control Self-Assessment workshop, the results of previous engagement findings, and senior management interviews.

The following higher risk management practices were examined:

- Integrated Human Resources Planning;
- Risk Management;
- Accountability;
- Management and Oversight Bodies; and,
- Internal Communications.

Audit scoping considered where audit work was recently conducted and where future audit work is planned to avoid duplication of effort. The scope of this audit included fiscal years 2010-11, 2011-12 and the first quarter of 2012-13. Audit fieldwork was conducted at Headquarters (HQ) during January and February, 2013.

# 3. APPROACH AND METHODOLOGY

The Management Practices Audit of the Education and Social Development Programs and Partnerships Sector was conducted in accordance with the requirements of the Treasury Board Secretariat *Policy on Internal Audit* and followed the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*. The audit team examined sufficient, relevant evidence and obtained sufficient information to provide a reasonable level of assurance in support of the audit conclusion.

The principal audit techniques used included:

- Interviews with key Sector management and staff;
- Review of relevant documentation related to human resources planning, risk management, accountability and management and oversight bodies and internal communications;
- Where applicable, the detailed review of records related to accountability and management and oversight bodies and risk management (including records of decision, agendas, meeting minutes, job descriptions and attendance records); and,
- Conduct of a detailed review of a sample of internal communication tools (e.g. e-mails, meeting notes, etc.).

The approach used to address the audit objective included the development of audit criteria against which observations and conclusions were drawn. The audit criteria developed for this audit are included in Appendix A.

# 4. CONCLUSION

Generally, management practices were found to be effective and adequate. Some opportunities for improvement were noted to strengthen management control practices in the following areas: human resource planning; risk management; and management and oversight bodies.

# 5. FINDINGS AND RECOMMENDATIONS

Based on a combination of the evidence gathered through the examination of documentation, interviews, and analysis, each audit criterion was assessed by the audit team and a conclusion was determined for each. Where a significant difference between the audit criterion and the observed practice was found, the risk of the gap was evaluated and used to develop a conclusion and to document recommendations for improvement.

Observations include both management practices considered to be strong as well as those requiring improvement. Accompanying the observations of management areas identified for improvement are recommendations for corrective actions.

The findings and recommendations for each in-scope management practice are organized by the following four areas of management, as follows:

***5.1 Human Resources Management***

5.1.1 Integrated Human Resources Planning

***5.2 Risk Management***

5.2.1 Risk Management Approach

***5.3 Accountability***

5.3.1 Accountability

***5.4 Governance and Strategic Direction***

5.4.1 Management and Oversight Bodies

***5.5 Communications***

5.5.1 Internal Communications

## *5.1 Human Resources Management*

### 5.1.1 Integrated Human Resources Planning

To ensure that a Sector optimizes use of its human capital to support the achievement of its goals, it is important that human resource planning be aligned with, and support, the Sector's strategic and business plans. To help ensure this alignment, there is an expectation for a formal and effectively communicated Human Resources Plan which addresses current and future human capital-related requirements and risks. As such, the HR Plan should include specific analysis and information related to a variety of significant risks including those related to succession planning and the training and development of management and employees.

As indicated in the Background section of this report, ESDPP is addressing the ongoing implications of legislative and program reform in both Income Assistance and Kindergarten to Grade 12 Education areas. Further, there have been implications related to DRAP and employee turnover which have impacted both the HR Planning environment as well as the nature of HR Planning risks faced by the Sector. For example, interviews with management indicated a view that overall workloads have increased at many positions and the need to be flexible in assuming responsibilities was unavoidable. Within this context, the audit revealed a variety of strategies and tactics to promote ongoing alignment of human resources in a manner that best meets program requirements while functioning within specific financial constraints. Among the strategies is the promotion of flexible learning teams that are intended to address workload priorities and maximize access to key skill sets across the Sector. In addition, the audit revealed a strong practice whereby, in an effort to promote employee morale and support staff retention objectives, Senior Management actively considers employee interests when allocating personnel to specific projects and tasks.

While the audit revealed evidence of the Sector's HR planning activities relative to a variety of HR-related risks, the results of these activities were not consolidated and documented within an approved Sector HR Plan for 2012-13 to 2014-15. It was noted that this Sector HR Plan had not yet been finalized as a result of DRAP-related delays in the Departmental HR planning cycle. In light of delays in the Departmental HR planning cycle and changes in the Sector's HR risks since the last cycle, Sector Management had developed a series of presentations and plans which provide details on the Sector's response to various HR-related risks. These documents demonstrate Sector Management's consideration of current and future resource (human and financial) and competency needs; however, they were not integrated into the draft Sector HR Plan. Notwithstanding input from Sector personnel suggesting certain challenges in leveraging the HR Planning template provided by the Department as a fully integrated plan, the planning documents used by the Sector did not demonstrate a comprehensive assessment of, and response to, succession planning and training and development risks.

Without a clearly documented understanding of, and plan to address, succession and training and development in both the near and longer-term, it is difficult for management to ensure business continuity in the event of departures or spikes in attrition, or to help ensure the competency profile of employees continues to align with the Sector's business and strategic objectives.

***Recommendation:***

1. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should ensure that HR planning activities within the Sector continue to address both Departmental requirements as well as all pertinent HR risks, including those related to succession planning and training and development. The results of HR planning activities should be consolidated and documented within the Sector's HR Plan. Further, as the Sector HR Plan is implemented, appropriate adjustments should be made to reflect changes in the Sector's objectives and environment.

## 5.2 *Risk Management*

### 5.2.1 Risk Management Approach

The Sector delivers an important and sensitive mandate in an environment that is both dynamic and complex. In this environment, there is a critical need to demonstrate effective risk management which contributes to good governance and demonstrates accountability. As a complex undertaking, there is an expectation that the Sector has a practical and integrated approach to actively identify and monitor its key risks such that they are assessed in a timely and reliable manner. As appropriate, the Sector must also develop and implement mitigation plans that are both effective and cost-efficient. Having a documented approach to risk management enables management to better identify, articulate and understand the potential risks to achieving the Sector's objectives and to determine the exposure to these risks given controls and/or mitigation activities.

The approach to risk management is expected to include a variety of important components including: rigorous risk assessment and monitoring practices and tools that link to the Sector's business and strategic objectives, robust risk communication that is meaningful and timely, clear accountability for risk management, and effective senior-level oversight. The focus of this audit was on risk management at the Sector level; other risk management activities conducted by the Sector (e.g. monitoring risks to program delivery at the Regional level) were not part of the scope of this audit.

The audit identified evidence of both formal and informal risk management activities which were embedded within the Sector's management practices. These included regular discussions related to risks and risk mitigations at management meetings, development of Branch-level risk profiles, and explicit consideration of risks and mitigations within the Sector Business Plan. Moreover, the Sector had participated in, and contributed to, Departmental risk management exercises which included activities related to risk identification, assessment and mitigation as well as training and information sessions designed to inform management and staff on risk management practices and expectations. Notwithstanding these activities, the audit identified that there was no formal and comprehensive approach to risk management within the Sector. As described in more detail below, this weakness has contributed to a number of gaps relative to the expected business practices in the Sector including the lack of a Sector risk profile, weaknesses in risk communication and a lack of integration between Sector and Departmental risk management practices.

While draft Branch Risk Profiles have been developed, ESDPP does not have a Sector risk profile in place. A Sector risk profile would capture, evaluate and address Sector-level risks, and otherwise bridge the gap between Branch risks and Departmental risks. In the absence of a Sector risk profile, it is very difficult to effectively implement formal and ongoing processes and a governance structure for identifying, assessing and monitoring risks and corresponding mitigation actions for the Sector's risks. The lack of a Sector risk profile also creates a challenge in linking Sector risks to Departmental risks as documented in the Corporate Risk Profile. Without such a linkage, it is particularly challenging to demonstrate, understand and

contextualize how Sector-level risks and risk mitigations contribute to, and align with, Departmental risk management objectives.

Developing a Sector risk profile is an important governance and management oversight practice which should be undertaken. Such a profile should be based on a documented approach that utilizes standardized templates and rating criteria, and be supported by a formal risk assessment, the development of mitigating action plans and a robust monitoring process. The results of the periodic risk assessments can be used by management to inform ongoing budget and resource allocation decisions by focusing resources and attention on areas of higher risk.

The audit also revealed that risk-related communications with management (below the level of Director) were not effective in ensuring awareness of risk developments and risk context at a Sector or Departmental level. Without this engagement, it is difficult for middle management to effectively consider the context of their risk management responsibilities and to otherwise operationalize risk tools and guidance in a meaningful way.

Weaknesses in risk communication have also contributed to a lack of integration between Departmental and Sector risk management activities. Specifically, the audit identified that Departmental risk management activities and outputs were not being effectively considered or otherwise leveraged as the Sector engaged in its operational risk management activities. For example, Departmental risk tools and templates were generally not being applied at the operational level. It is important that risk management approaches and activities within the Sector are linked to Departmental practices to help ensure consistency across the Department and to effectively leverage corporate resources and expertise in support of Sector risk management objectives.

***Recommendation***:

2. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should develop a formal documented approach to risk management in the Sector, including an ongoing process, and governance structure for identifying, assessing, and monitoring risks and corresponding mitigation actions. ESDPP should leverage existing communication forums to communicate risk messages to employees.

## *5.3 Accountability*

### 5.3.1 Accountability

It is important that a clear and effective organizational structure with delegated signing authorities, responsibilities and accountabilities is established, documented, up-to-date and widely communicated.

There is a formal and up-to-date Sector Organization Chart. A variety of other documents, communications and business practices were also identified as supporting clarity of authority, responsibility and accountabilities. These included formal delegation instruments (for both HR and financial authorities), job descriptions and an Administration Manual which outlines HR and Finance responsibilities within the Business Management Unit (BMU). Regular meetings,

e-mails and the employee performance management process were also found to be effective at supporting the clarity and alignment of authorities and responsibilities. The audit reviewed documentation from a sample of DG/Director meetings and identified that responsibilities and accountabilities were routinely discussed. Finally, it was noted that the Sector had taken specific steps to address new and shifting accountabilities as a result of DRAP measures. These included the clear establishment and communication of the roles and responsibilities of the new BMU and the introduction of processes to confirm, standardize and streamline administrative functions across the Sector.

***Recommendation:***

No recommendations were identified in this area.

## *5.4 Governance and Strategic Direction*

### 5.4.1 Management and Oversight Bodies

In order to ensure that appropriate governance arrangements are in place, the Sector should have effective management and oversight bodies that meet regularly and have clearly defined, communicated and understood authorities, responsibilities and accountabilities. The focus of this audit was on the identification of the key management and oversight bodies within the Sector and the way in which they interact and communicate as a determination of their effectiveness.

The audit identified that the Sector leverages a variety of regularly scheduled meetings involving defined groups of managers up to and including the ADM. While not set up as formal committees or teams, these groups were found to engage in activities related to management and/or oversight responsibilities. These meetings occur with regularity and at frequencies which reflect an appropriate level of focus on issues and decisions facing the Sector.

Through a review of relevant documentation and interviews with management, the audit revealed that the management groups formed within the Sector do not have formal mandates or Terms of Reference. Consequently, the roles, responsibilities, authorities and purpose of the management groups were not clearly defined. Further, agendas, minutes and/or records of decision were generally not, or inconsistently, maintained.

While there are a number of formal Departmental bodies, including the Strategic Policy and Operations Committees, which support decision making at the Program level with the Sector, in the absence of a formally documented governance structure within the Sector, whereby the roles and responsibilities of relevant decision-making bodies at the working level are clearly defined, it is not evident that appropriate management and oversight bodies were established and functioning effectively.

***Recommendation:***

3. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should document the Sector's governance structure in terms of

management and oversight bodies and assess appropriateness and sufficiency. These Management/oversight groups or mechanisms should be further formalized through the creation of Terms of Reference that articulate their mandates, authority, responsibility, accountability and operating principles. The role of these key management bodies should be communicated across the Sector.

## *5.5 Communications*

### 5.5.1 Internal Communications

Open and effective channels for internal communications and feedback are important in ensuring that decisions are effectively implemented and that accurate, open and honest feedback is received. It is also important that internal communications and feedback mechanisms provide timely and relevant information to management and staff.

Based on discussions with management and staff, the audit noted that a variety of internal communications venues and channels exist in order to foster open and effective communication and feedback across the organization. The audit also noted that internal communication channels are adequate in ensuring that timely and relevant information is communicated across the organization (e.g. upwards, downwards, and horizontally). The audit observations indicated that considerable improvement has occurred in Management Practices around Internal Communications over the last six to twelve months (i.e. since the Control Self-Assessment indicated internal communication as an area of higher risk). There were a number of developments and new practices introduced over this period which appear to have contributed to this improvement. These include the introduction of all-staff meetings, and the consolidation of all Sector personnel into a single office location. Internal communication would be further improved through the implementation of actions in response to recommendation #3.

***Recommendation:***

No specific recommendations were identified in this area.

# 6. MANAGEMENT ACTION PLAN

| Recommendations | Management Response / Actions | Responsible Manager (Title) | Planned Implementation Date |
|---|---|---|---|
| 1. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should ensure that HR planning activities within the Sector continue to address both Departmental requirements as well as all pertinent HR risks, including those related to succession planning and training and development. The results of HR planning activities should be consolidated and documented within the Sector's HR Plan. Further, as the Sector HR Plan is implemented, appropriate adjustments should be made to reflect changes in the Sector's objectives and environment. | The ESDPP Sector is of the view that its existing human resources planning approaches, which includes its Human Resources Action Plan and its PSES Action Plan, do focus on implementing strategies that will help achieve Departmental and sector objectives as well as greater organizational effectiveness. That said, in its 2013-2014 Human Resources Action Plan, ESDPP will address risks, including those related to succession planning, as well as training. ESDPP has prepared a robust PSES Action Plan that also highlights these issues and will draw commitments from that plan into the broader Human Resources Action Plan so that there is integration. Adjustments to the Human Resources Action Plan will continue to be made, as necessary, to reflect changes to the sector's objectives and working environment. | Assistant Deputy Minister, Education and Social Development Programs and Partnerships Sector | June 2013 |

| Recommendations | Management Response / Actions | Responsible Manager (Title) | Planned Implementation Date |
|---|---|---|---|
| | Given that ESDPP is currently delivering, within a set funding envelope, two of the Department's four key priorities, retention and growth of staff is a priority. Discussions concerning the development of a comprehensive and inclusive succession plan, adapted to allow effective management of all key positions within the Sector, will take place amongst Managers. ESDPP will continue to encourage rotational acting assignments, training, mentoring, coaching, and developmental opportunities to broaden skill sets. Exit interviews, as well as long term employee learning/career plans, will also be strongly encouraged within the Sector. | | April 2013 |
| | ESDPP will continue to monitor its progress on the HR Plan through complementary activities like its new Social and Well-Being Committee, its HR Achievement Report, and the sector's quarterly reports. | | April 2013 |

| Recommendations | Management Response / Actions | Responsible Manager (Title) | Planned Implementation Date |
|---|---|---|---|
| 2. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should develop a formal documented approach to risk management in the Sector, including an ongoing process, and governance structure for identifying, assessing, and monitoring risks and corresponding mitigation actions. ESDPP should leverage existing communication forums to communicate risk messages to employees. | ESDPP will work with the Department's Risk Management centre within the Audit and Evaluation Sector to develop a formal documented approach to risk management for the sector, including ongoing processes and a governance structure.<br><br>Progress on this work will be reported on quarterly in the ESDPP 2013-14 Sector Business Plan.<br><br>While the sector approach is being developed, ESDPP will ensure risk identification and mitigation strategies continue to be integrated into existing processes and ongoing work. This includes the use of tools and profiles already in place and being implemented within the sector (such as the Corporate Risk Profile, Education Branch Risk Profile, as well as risk-related sections of the Sector Business Plan and related quarterly reports), as well as tools currently being developed and/or updated (such as the Education Risk Mitigation Strategy, and risk profiles for all five Social programs). | Assistant Deputy Minister, Education and Social Development Programs and Partnerships Sector | April 2014<br><br>July 2013<br><br>April 2013<br><br>Education Risk Mitigation Strategy to be completed by end July 2013<br><br>Social Programs Risk Profiles completed by end April 2014 |

| Recommendations | Management Response / Actions | Responsible Manager (Title) | Planned Implementation Date |
|---|---|---|---|
| | ESDPP will leverage existing communications forums to ensure risk messages are communicated to employees, including all staff meetings, branch meetings, various manager's forums, emails, and information circulars. | | April 2013 |
| 3. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should document the Sector's governance structure in terms of management and oversight bodies and assess appropriateness and sufficiency. These Management/oversight groups or mechanisms should be further formalized through the creation of Terms of Reference that articulate their mandates, authority, responsibility, accountability and operating principles. The role of these key management bodies should be communicated across the Sector. | ESDPP will document the Sector's governance structures for management and oversight. This will include an assessment of existing governance bodies such as the ESDPP Management Committee, Social and Education Branch Committees, Social Branch Extended Management Committee, as well as other sub-committees and governance bodies. Sufficiency of existing structures will be assessed and new governance bodies may be established to address gaps and risks.<br><br>Terms of Reference will be developed for all of the above mentioned groups (and any newly formed management groups), and will be shared across the sector to communicate the roles of these key management bodies. Where appropriate meeting minutes will be recorded and shared with the sector. | Assistant Deputy Minister, Education and Social Development Programs and Partnerships Sector | July 2013<br><br>July 2013 |

# Appendix A: Audit Criteria

The audit objective is linked to audit criteria developed in alignment with Treasury Board of Canada Secretariat's *Audit Criteria related to the Management Accountability Framework: A Tool for Internal Auditors (March 2011)*. Additional audit criteria were developed to address specific risks identified in the planning phase.

| Audit Criteria | |
|---|---|
| **1. Human Resource Management** | |
| **1.1 Integrated Human Resources Planning** | |
| 1.1.1 | Human resource planning is aligned with strategic and business planning. |
| 1.1.2 | Suitable policies and procedures to support the development and management of human resources are established, maintained and communicated. |
| **2. Risk Management** | |
| **2.1 Risk Management Approach** | |
| 2.1.1 | Management has a documented approach with respect to risk management. |
| 2.1.2 | Management identifies the risks that may preclude the achievement of its objectives. |
| 2.1.3 | Management formally assesses, routinely monitors and responds to the risks it has identified. |
| 2.1.4 | Management appropriately communicates its risks and risk management strategies to key stakeholders. |
| 2.1.5 | Planning and resource allocations consider risk information. |
| **3. Accountability** | |
| 3.1 | Authority, responsibility and accountability are clear and communicated. |
| 3.2 | A clear and effective organizational structure is established and documented. |
| **4. Governance and Strategic Direction** | |
| **4.1 Management and Oversight Bodies** | |
| 4.1.1 | Effective management and oversight bodies are established and functioning, with clearly communicated mandates, and are kept informed of significant developments. |
| **5. Communications** | |
| **5.1 Internal Communications** | |
| 5.1.1 | Open and effective channels exist for internal communications and feedback. |